

# **Request for City Council for the City of Ingleside, Texas**

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**Subject:** *CenterPoint Energy 2014 Annual GRIP Adjustment for the South Texas Division*

**Submitted By:** *Jim Gray*

**For The Agenda Of:** *April 8, 2014*

**Attachments:** *Letter from CenterPoint Energy*

**Summary Statement:** *This is the annual review and adjustment by CenterPoint Energy. We have 45-days to make determination to either accept or delay the rate change. If the Council accepts the change, the increase in rates take affect the following month. If the Council makes no decision, the increase will take affect the following month after we accept. Because this is a justified Annual GRIP Adjustment rate increase, we cannot lobby against the rate increase other than to delay it by 90-days. The average residential customer will see a \$1.00 increase per month.*

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**Recommended Action:** *Staff recommends the Council to request the 90-day extension of the 2014 Annual GRIP Adjustment.*

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March 31, 2014

CenterPoint Energy  
1111 Louisiana Street  
Houston, TX 77002-5231  
P.O. Box 2628  
Houston, TX 77252-2628

Mayor and City Council  
City of Ingleside  
Ingleside, Texas

Re: CenterPoint Energy 2014 Annual GRIP Adjustment for the South Texas Division

Dear Madam or Sir:

CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas ("CenterPoint" or the "Company"), files the enclosed tariffs and supporting documents, including a CD of the electronic files, with the City of Ingleside ("City") consistent with Section 7.7101 of the Railroad Commission of Texas ("Commission") Gas Services Division Rules and Section 104.301 of the Texas Utilities Code to establish the annual gas reliability infrastructure program ("GRIP") interim rate adjustment ("IRA") for the Company's South Texas Division, which includes the City. The proposed IRA will affect rates for natural gas service customers located in the City. Simultaneously with this filing, CenterPoint makes the same GRIP filing with the Commission for customers located in the environs and cities of the South Texas Division that have ceded original jurisdiction to the Commission.

CenterPoint consistently supplies its customers in the South Texas Division with safe and dependable natural gas service by prudently investing in additions and upgrades to its delivery system. The Company will continue to prudently invest in its infrastructure in order to improve its natural gas service to its customers and to anticipate and meet their needs under all operating conditions. The GRIP program enables a gas utility such as CenterPoint to begin recovery of its incremental capital investment in the system, subject to a prudence review in its next rate case. Consistent with Section 104.301 and Commission precedent, the City's review of this GRIP filing is limited to a ministerial review to ensure compliance with the GRIP statute.

Pursuant to applicable law, the proposed IRA will become effective on May 30, 2014, unless the City suspends that date for a period of no longer than forty-five (45) days. The approved IRA will be applied to the monthly customer charge and will remain in effect until superseded by the earlier of (1) the effective date of the Company's next annual GRIP adjustment for the South Texas Division; or (2) the issuance of a final order in a rate setting proceeding for the South Texas Division.

As detailed in the attached schedules and supporting material, the Company invested \$15,855,203 in its South Texas Division in calendar year 2013 and the applicable IRA is:

<b>Rate Schedules</b>	<b>Current Base Charge</b>	<b>2014 Interim Adjustment</b>	<b>Adjusted Charge</b>
R-2085-GRIP 2014 Residential	\$16.89 per customer per month	\$1.00 per customer per month	\$17.89 per customer per month
GSS-2085-GRIP 2014 General Service Small	\$25.93 per customer per month	\$2.03 per customer per month	\$27.96 per customer per month
GSLV-616-GRIP 2014 General Service Large Volume	\$135.55 per customer per month	\$12.54 per customer per month	\$148.09 per customer per month

Along with and in support of the IRA, CenterPoint also includes the following:

- (a) An earnings monitoring report showing the Company's earnings for the South Texas Division during the 2013 calendar year (under the "Earnings Report" section of the enclosed filing).
- (b) An Interim Cost Recovery and Rate Adjustment Report containing accounting schedules and project reports for the GRIP Adjustment Period including a description of (i) the projects undertaken during the GRIP Adjustment Period (ii) the investment to provide utility service in the South Texas Division, which were both completed and placed in service during the GRIP Adjustment Period, (iii) the Company's prior utility investments in the South Texas Division that were either retired or abandoned during the GRIP Adjustment Period, and (iv) the cost, need and customers benefited by those investments and retirements (under the "Investment and Retirement Project Report" section of the enclosed filing).
- (c) The Company's calculation of the GRIP Adjustment amount to go into effect on the later of the Planned Effective Date or the end of any suspension period imposed (under the "Initial Adjustment Report" section of the enclosed filing).
- (d) Affidavits by Walter L. Fitzgerald, Beverley M. Melchisedech and Steven C. Greenley (under the "Affidavits" section of the enclosed filing).

- Mr. Fitzgerald's affidavit verifies (i) that the South Texas Division's books and records are kept in accordance with the rules of the Commission and (ii) that the reports enclosed accurately reflect the South Texas Division's books and records related to the information in those reports.
- Ms. Melchisedech's affidavit verifies the notice of the GRIP filing through customer bill inserts.
- Mr. Greenley's affidavit concerns the reimbursement of relocation expenses.

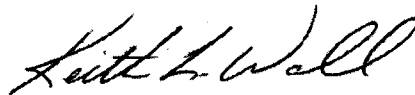
In addition, the source documentation and workpapers supporting the data and calculations contained in the foregoing reports is maintained in CenterPoint's electronic databases which are available for review. To schedule an opportunity to review the electronic databases or any hard copy project files related to the new investment or retirements, please contact me at (713) 207-5946.

Notice of this proceeding will be provided to affected customers in the South Texas Division by bill insert or by separate mailing within 45 days after the date of this filing in accordance with the applicable law.

Please accept for filing the above mentioned tariffs, filing package and enclosures and return the enclosed copy of this letter with your file mark thereon to acknowledge such filings for our records.

Please do not hesitate to contact us with any questions you may have regarding this filing.

Sincerely,



Keith L. Wall  
Director of Regulatory Affairs

Attachments

cc: Mr. Steven Greenley  
Mr. George Hepburn  
Mr. Paul Lock  
Mr. Mark Santos